

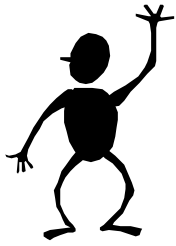
APPLICATION PACKET INSTRUCTIONS

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APPLICATION PACKET INSTRUCTIONS

Introduction



2006 – 2008 CDP Applications: Community Development Plan (CDP) applications for the Community Development Quota (CDQ) Program are to be submitted to the Governor of Alaska. The Governor, the Commissioners of the Departments of Community and Economic Development and Fish and Game, and their staff will evaluate the applications and make recommendations of quota allocation for groundfish, halibut, crab, and associated bycatch species in the Bering Sea and Aleutian Islands. Two new crab species have been added to the CDQ program and are included here. The two crab species are Eastern AI (EAI) Golden (Brown) king crab and Adak (Petrel Bank) red king crab. The recommendations will be presented to the North Pacific Fishery Management Council (NPFMC) and then submitted for final approval to the U.S. Secretary of Commerce through the National Marine Fisheries Service (NMFS).

The 2006 – 2008 applications are being accepted under federal regulations 50 CFR 679.30 and State of Alaska CDQ regulations under 6 AAC 93. The applications are required to meet the standards outlined in State and federal regulations.

Eligible Applicants: Communities that are eligible to receive community development quota allocations must meet the eligibility requirements set out in the Magnuson-Stevens Fishery Conservation and Management Act and federal regulation. Applications may be submitted by local fishing organizations or local economic development organizations incorporated for the purpose of designing or implementing a Community Development Plan, from eligible communities or groups of communities.

General Application Contents: The applicant must submit seven (7) copies of the CDP application in new binders (prefer D-Ring binders with no larger than three inch capacity) to the State of Alaska, Department of Community and Economic Development. The petition of confidentiality needs to be included in the CDPs. Each of the CDP copies should be three-hole punched and must follow these instructions.

Applications must address the level of local employment that will be generated, the vocational and educational programs created for local residents, and the schedule for moving from reliance on CDQs to self-sufficiency. Applications must also include detailed information on the management of the quota and how the applicant intends to use the revenues generated by their allocation. This includes detailed business plans of proposed ventures with copies of proposed contracts. Budgets, which outline expenditures for proposed and active projects for the allocation period, are required.

A specific CDP application format has been developed. To be considered for quota allocation, this format must be followed. The CDP checklist has been provided in Appendix 2 to ensure compliance. This checklist must be completed and included in the submitted CDP.

Allocation Timeline: The final date applications will be accepted is November 1, 2004. Upon receipt of the CDP applications, the State will review the applications. Following the review, a public hearing will be held to give all interested parties the opportunity to comment on the proposed CDPs. The public hearing is scheduled for November 30, 2004. The CDP application timeline is found in Attachment 4.

APPLICATION PACKET INSTRUCTIONS

Introduction

The allocation recommendations for 2006 – 2008 will be made based on species groupings, bycatch and Prohibited Species Quota (PSQ) needs. Species groupings will be identified in one fish plan. The State's allocation recommendations will be based on this target fishery and the level of bycatch necessary to successfully prosecute the target fishery. Final allocation recommendations will be given to the Governor following the public hearing. The State's final allocation recommendations will be forwarded to the U.S. Department of Commerce, through the National Marine Fisheries Service after consultation with North Pacific Fishery Management Council for approval.

Use of a Bycatch Matrix: To assist in determining bycatch and PSQ needs, the State has developed a matrix for various target fisheries. Using historical CDQ harvest data, the matrix will focus on the target fishery based on species, gear type, and location.

Evaluation Criteria: Because the total amount of quota is limited, applications are evaluated in competition with each other. Please refer to federal and State regulations under 50 C.F.R. 679.30(a) and 6 AAC 93.040 in addition to the following factors for consideration, which include, but are not limited to:

- the application's objectives,
- realistic measurable milestones for determining progress,
- previous ability to manage a Community Development Plan,
- methods for developing a self-sustaining local fisheries economy,
- level of career track employment and training opportunities,
- capital or equity generated for local fisheries investment,
- profit-sharing arrangements,
- diversity in harvesting/processing partners and modes of operations,
- coordinated activities with other CDQ group(s),
- investments with experienced industry partners,
- ability of a CDQ group to maintain control over allocations,
- involvement and diversity in all facets of harvesting and processing operations,
- depth of seafood related infrastructure development,
- stimulation on Alaska's economy in both CDQ and non-CDQ communities,
- conservative and sound management principles in the fishing plan which provide for full retention and utilization of quota, and
- the development of innovative products and processing techniques aimed at conservation and maximum utilization.

It is important to keep in mind that CDQ organizations often collectively request a greater amount of quota than available. Should a CDQ group receive less quota than requested, the Community Development Plan application will need to be revised to reflect the amount of quota awarded. This final document will be the Community Development Plan, which the appropriate agencies will keep on file for the CDP cycle.

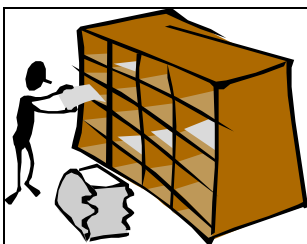
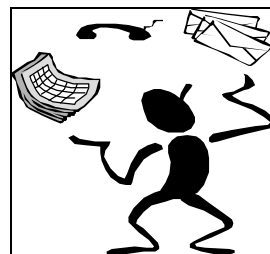
APPLICATION PACKET INSTRUCTIONS

Specific Information

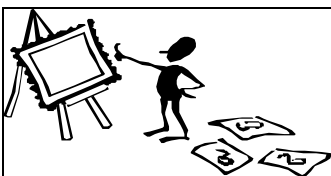
2006 – 2008 Two-Part CDP Application: Experience with Community Development Plans (CDPs) in the past has placed an emphasis on reducing the burdensome paper exchange which occurs when plan amendments are submitted. Further, there is a need to separate information between that which is necessary for an application versus that which is necessary for an application review and to manage and monitor daily operations. The State addressed these issues by updating developing the application format. Applicants are strongly encouraged to follow these instructions and recommendations.



This application will be divided into two parts. Part One (Community Development Plan Application information) will not generally necessitate amendments when changes occur. This information is necessary for the development of the application of quota, and while it represents very important information in establishing an applicant's qualifications and evaluating a CDP, it does not impact daily operations. Changes to information located in Part Two will be provided by the CDQ group at the beginning of each new-year or as needed, and be submitted through the amendment process.



Part Two (Community Development Plan information) contains information which is applicable to the day-to-day operations of the CDQ group. The applicant throughout the term of the CDP should amend the information in Part Two. Part Two information is required by program regulations, and has been developed through past practice and current reporting measures.



When drafting your 2006 – 2008 (three-year) CDP Application, carefully follow the order of items as provided in the CDP Application Checklist found in Appendix 2. As the State and NMFS will rely on consistency among the various CDPs, **applications, which do not follow this format, will be returned to the applicant.** You may request the electronic file for the 2006 – 2008 CDP Application checklist.

APPLICATION PACKET INSTRUCTIONS

Specific Information

Below is a breakdown of the necessary 2006 – 2008 CDP application items with specific information provided in the right column for clarification. Refrain from providing information in Part One that is best suited for Part Two.

I. Executive Summary

- A. Name of Applicant.
- B. Table of total CDQ and PSQ allocation request in percent (PSQ request for 2nd tier only).
- C. Communities represented within the application.
- D. Description of the managing organization.
- E. Goals/objectives and milestones of the CDP.
- F. Description of the CDP projects in the proposed CDP.
- G. Management strategy to accomplish CDP projects.
- H. Description of the target fisheries.
- I. Harvesting & processing partner information.
- J. Benefits to the region.
- K. Level of local participation.
- L. Other.

It is the intention of the State of Alaska to release the executive summary for public review; as such, do not include confidential information.

INTRODUCTION

Part One. Community Development Plan Application Information

I. Demographic Information:

- A. Availability of work force from communities.
- B. Number and percentage of low-income persons residing in each participating communities.
- C. Current fisheries infrastructure in the region, including:
 - 1. Barriers to entry into existing fishing industry.
- D. Other demographic information which may assist in the evaluation of the application.

In this section, the applicant needs to demonstrate, on behalf of its communities, the need for CDQ.

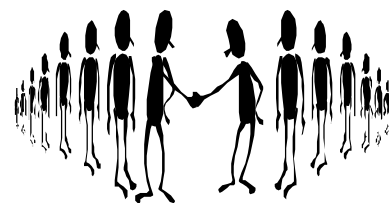
APPLICATION PACKET INSTRUCTIONS

Specific Information

II. Community Information

- A. List of eligible communities:
1. Population (As verified by U.S. Census, Alaska Department of Revenue (PFD);
 2. Economic conditions of each community; and
 3. CDQ group's outreach plan for each community and evidence of group's outreach (appropriate to describe in Part II, Section 1, Active Non-Profit Project(s)).
- B. Letter of support by governing body of community for the CDQ group and managing organization (if managing organization is not the applicant).
- C. How the CDP would use or enhance existing:
1. Harvesting capabilities;
 2. Processing capabilities;
 3. Support facilities; and
 4. Human resources.
- D. Other community information which may assist in the evaluation of the application.

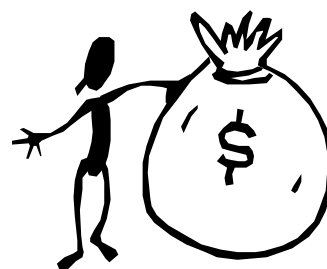
A.2. Economic conditions including, median income, household income, poverty levels, labor force and employment levels, available industries, etc.



III. Benefits to the Region

- A. Goals of the CDP.
- B. Economic opportunities provided through employment from CDQ projects.
- C. How the CDP will generate new capital and/or equity for fish or processing opportunities.
- D. Efforts taken to include residents from non-CDQ regions (where appropriate).
- E. Stimulation on Alaska's economy in both CDQ and non-CDQ communities.
- F. Cooperative efforts with other CDQ groups (where appropriate).
- G. Benefits to the Bering Sea / Aleutian Island region.
- H. Other information which may assist in the evaluation of the application.

In this section, the applicant needs to make a strong case for how each target fishery will enhance earnings, employment, the region's economy, and other CDP projects.



APPLICATION PACKET INSTRUCTIONS

Specific Information

IV. CDQ Organization Information

- A. Provide evidence that applicants are qualified as required under 50 CFR 679.2 or 50 CFR 679.
- B. Managing Organization Qualifications:
 1. Description of management structure;
 2. How management is qualified to:
 - a) Carry out CDP projects, and
 - b) Manage the harvest of CDQ allocations while preventing CDQ & PSQ overages;
 3. List of key personnel, including contract personnel including:
 - a) Resume with name, address, references, phone and fax numbers, and contract information, including summary of salary and benefits for key personnel (6 AAC 93.025 (a)(10)) [include salaries, detail of benefits, and total compensation packages for the top five personnel, top five consultants and or contractors, and top five board members for CDQ group and all subsidiaries];
 - b) Return of Organization Exempt from Income Tax (IRS Form 990)
 - c) U.S. Corporation Income Tax Returns (IRS Form 1120); and
 - d) Employment and or consulting contracts greater than \$100,000 annually.
 4. Legal relationship between CDQ group and managing organization (if different):
 - a) Contract or other binding agreement;
 5. List of Board of Directors, including:
 - a) Name, address and phone number, commercial or subsistence fisherman status, and
 - b) Letter of support or election results from communities;
 6. How management's past performance has improved your regions:
 - a) Employment levels,
 - b) Training, educational and human resource advancement,
 - c) Social and economic wealth, and
 - d) Ability to compete in the Bering Sea fishing industry.
- C. Business Information:
 1. Organization chart of all divisions, subsidiaries, joint ventures, and partnerships, listing (if applicable):
 - a) legal structure, state of registration, and percentage of ownership, and
 - b) legal documents regarding the relationships within the chart;
 2. Investment policies for the following items:
 - a) For-profit projects,
 - b) Infrastructure projects,
 - c) Fund/cash management projects, and
 - d) Other projects;
 3. Most recent audited consolidated income statement, balance sheet, and cash flow statement;
 4. For each business relationship, including joint ventures, partnerships, loans, corporations, and harvesting/processing arrangements, provide legal/contractual description of:
 - a) The relationship, including:
 - (1) management services, and
 - (2) audit control services;

B.1 and B.2 of this section will be important to answer thoroughly. Focus on each CDP project for (a) and each target fishery for (b).

For B.4, provide a brief description for each section and contracts/ legal documentation has been developed to date to define that aspect of the relationship.

Likewise, B.6 will be useful in determining allocations.

For C.1, the use of a flow chart is acceptable. Be sure to include all legal documents regarding the relationships in the chart. The documents which are important include those involving formation (Articles of Incorporation, Bylaws, etc.).

APPLICATION PACKET INSTRUCTIONS

Specific Information

- b) All funding and financing plans;
- c) Distribution of proceeds, including:
 - (1) A summary of all profit sharing and/or royalty arrangements; and
- d) Other contractual agreements including legal , lobbying, audit, accounting, allocation management, investment research, fund management, and similar services per 6 AAC 93.025(a)(10).



D. Harvest/processing management Information:

- 1. For each target fishery, provide:
 - a) Harvesting and/or processor information,
 - b) How gear type will conserve and maximize utilization of resource,
 - c) Support for bycatch and PSQ allocation requests:
 - (1) Plan to reduce bycatch and discards,
 - d) Past bycatch and discard data,
 - e) Past and proposed utilization data, products and yield, including:
 - (1) Plans for creating full retention and utilization of quota,
 - f) Past and proposed inshore and offshore deliveries,
 - g) History of fishery violations (if applicable),
 - h) Processing information,
 - i) Marketing information, and
 - j) The RFP (or like process) engaged in when developing harvesting / processing partner relationship.

E. Other CDQ organization information which may assist in the evaluation of the application.

V. CDQ Planning

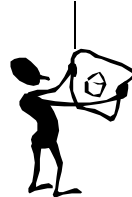
- A. Transition plan from CDQ program to self-sufficiency in eligible CDQ communities.
- B. Post allocation plan / Provide information on Long Term Development Strategies.
- C. Other CDQ planning information which may assist in the evaluation of the application.

VI. Confidential petition and stamped confidential pages.

Part Two. Community Development Plan Information

I. Community Development Information

- A. Community Development Project:
 - 1. Provide a CDQ project form for all:
 - a) Proposed For-Profit projects,
 - b) Active For-Profit projects,
 - c) Proposed Non-Profit projects,
 - d) Active Non-Profit projects,
 - e) Proposed Infrastructure projects,
 - f) Active Infrastructure projects,
 - g) Proposed Fund/Cash management projects,
 - h) Active Fund/Cash management projects, and
 - i) Administrative efforts.

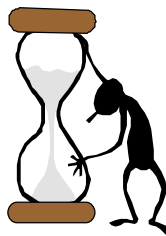


A CDP Project is defined (50 CFR 679.2) as an investment or program that is funded by a CDQ group's assets for the economic or social development of a community or group of communities that are represented by a CDQ group. These project forms are provided under Attachment 3.

APPLICATION PACKET INSTRUCTIONS

Specific Information

- B. Comprehensive Milestone Table for all
1. Proposed projects listed in Part II, Section A; and
 2. Active projects listed in Part II, Section A.



These tables are the accumulation of the project forms provided in Part II, Section A. These tables will be included in the quarterly reports to the State.

II. Budgets

- A. General budget for entire CDP period by calendar year, including:
1. Income from all CDQs and CDP projects; and
 2. Expenditures for all projects and administration.

Please keep this General Budget to one page.

- B. Detailed current year annual budgets listing:
1. Income from all CDQs and CDP projects as reflected in the projects listed in Part II, Section A, and see Attachment 6, Table 2;
 2. Expenditures from the CDQ group as reflected in the projects listed in part II, Section A; and
 3. Administrative expenses - detailed with administrative expenses by project, and see Attachment 6, Table 1.

The budget will be submitted annually. Detail is important for the administrative expense budget. Project budgets may have administrative expenses allocated, however, those expenses must be clearly separated from other expenses and be presented in the administrative expense budget.

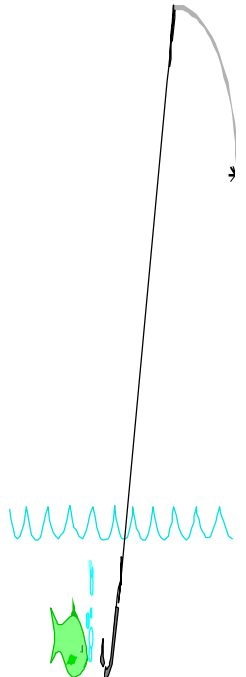
III. Fish Plan

- A. Table of total CDQ and PSQ allocation request in percent (PSQ request for 2nd tier only).
- B. Table of necessary CDQ target and bycatch quota, and PSQ quota requests by target fishery in percent.

The complete table with all the fish species is provided on Attachment 1.

APPLICATION PACKET INSTRUCTIONS

Specific Information

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- C. For each target fishery, provide the following forms for each proposed vessel or processor to be used:
1. Fishing Plan for Motherships and Catcher/Processors Using Trawl Gear;
 2. Fishing Plan for Catcher/Processors Using Non-Trawl Gear;
 3. Fishing Plan for Catcher Vessels 60 feet LOA or Greater Using Trawl Gear Except Vessels Delivering Only Unsorted Codends to Another Vessels;
 4. Fishing Plan for Catcher Vessels 60 feet LOA or Greater Using Non-Trawl Gear;
 5. Fishing Plan for Catcher Vessels Less than 60 feet LOA Using Any Gear and Catcher Vessels of any Length Delivering Only Unsorted Codends to Another Vessels; and
 6. Fishing Plan for Shoreside Processors Taking Deliveries from Catcher Vessels Groundfish CDQ Fishing.
- D. For each crab target fishery, provide:
1. CDQ organization contact, including:
 - a) name, address, phone and fax numbers;
 2. Plan to prevent overages;
 3. A description of the target fishery:
 - a) Proposed fishing periods (be specific on start and stop days),
 - b) Gear storage plans,
 - c) Number of pots,
 - d) Tank inspections, and
 - e) Any other pertinent information;
 4. Vessel information:
 - a) Harvesting partner, including contact name, address, phone and fax numbers,
 - b) Vessel name,
 - c) Federal permit number,
 - d) ADF&G vessel number,
 - e) Length over all (LOA),
 - f) Vessel type,
 - g) Will vessel also fish in the main License Limitation fishery,
 - h) CFEC card number (when known),
 - i) USCG safety approval,
 - j) MCI or equivalent MARSAT communication capability, and
 - k) Vessel diagram showing:
 - (1) Location of observer accommodations, including sleeping and work areas,
 - (2) Weighing station, and
 - (3) Observer sampling station; and
 5. Shoreside Processor/Buying Station information:
 - a) Processing partner, including contact name, address, phone and fax numbers,
 - b) Proposed delivery site, and
 - c) Other information as required.
- 

IV. CDP Checklist

See attachment 2.

APPLICATION PACKET INSTRUCTIONS

Specific Information

Submission Recommendations

The following is a list of general recommendations, which will eliminate problems down the road.

1. Do not put specific dollar amounts in the Community Development Project section. Rather, cite the detailed budget page or use a range.
2. When developing the application, use the same outline as provided in the Application Checklist found in Appendix 2. For instance, your annual administrative budget would be under Part Two II.B.3. In addition, the checklist must also cite the location of the administrative budget using the same reference. This will eliminate amendments to the checklist and maintain it as an effective reference tool.

APPLICATION PACKET INSTRUCTIONS

Confidentiality Information

Confidentiality Requirements

It is the responsibility of each CDQ group to ensure a petition of confidentiality is included with any CDP or amendment which contains confidential information, as required by 6 AAC 93.070. Each time an item is sent to the State for consideration, the document should be reviewed for confidentiality status. Failure to comply with the requirements of this section could potentially result in the documents being considered public and made available to the public upon request.

Each page containing confidential information should be clearly stamped or noted as confidential in the upper right hand corner. **Any confidential document: 1) which does not have a confidential petition attached; 2) is not stamped or noted as confidential; or 3) any copies of confidential documents which are stamped as confidential, but the confidential stamp is not legible on the final copy, will be distributed to any agency or individuals upon request.** It is the responsibility of each CDQ group to ensure these requirements for maintaining confidential information are met.

APPLICATION PACKET INSTRUCTIONS

Confidentiality Information

Sample Confidentiality Petition

October 1, 2004

Greg Cashen, CDQ Manager
Department of Community and Economic Development
Division of Banking, Securities, and Corporations
PO Box 110807
Juneau, AK 99811-0807

RE: Confidentiality Petition

Dear Mr. Cashen:

(CDQ Group) requests application of confidentiality provisions of 6 AAC 93.070 to certain documents, specifically the items marked confidential in its (name and date of document; i.e., the 2004 First Quarter Report dated April 30, 2004). The items listed below should be determined confidential and withheld from public access and each page has been marked confidential:

Section VI. Confidential Issues
Pages _____ of (Group) (First) quarterly report

Justification

There is good cause pursuant to 6 AAC 93.070 for finding these records confidential for the following reason:

(Include justification)

For this reason, (CDQ Group) respectfully requests the specified documents be kept confidential. Thank you for your consideration.

Sincerely,

(Name)
Executive Director/President/CEO